

**REPORT OF THE AUDIT OF THE
CARLISLE COUNTY
SHERIFF'S SETTLEMENT - 2007 TAXES**

**For The Period
May 1, 2007 through September 30, 2008**

*Romaine &
Associates, PLLC*

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EXECUTIVE SUMMARY

**AUDIT EXAMINATION OF THE
CARLISLE COUNTY
SHERIFF'S SETTLEMENT - 2007 TAXES**

**For The Period
May 1, 2007 through September 30, 2008**

Romaine & Associates, PLLC has completed the audit of the Sheriff's Settlement - 2007 Taxes for the Carlisle County Sheriff for the period May 1, 2007 through September 30, 2008. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff collected taxes of \$1,358,537 for the districts for 2007 taxes, retaining commissions of \$56,719 to operate the Sheriff's office. The Sheriff distributed taxes of \$1,268,541 to the districts for 2007 taxes. Taxes of \$33,210 are due to the districts from the Sheriff.

Report Comment:

- The Sheriff's Office Lacks Adequate Segregation of Duties
- The Sheriff Should Strengthen Internal Controls Over Financial Reporting
- The Sheriff Should Annually Prepare A Franchise Settlement In Accordance With KRS 134.310
- The Sheriff Should Deposit Funds Intact On A Daily Basis
- The Sheriff Did Not Invest Franchise Moneys In Interest-Bearing Bank Accounts
- The Sheriff Should Distribute Interest Earned On Property Account Monthly
- The Sheriff Did Not Maintain An Accurate Receipts And Disbursements Ledgers
- The Sheriff's Annual Tax Settlement Should Be Prepared And Approved By September 1 Of Each Year In Accordance With KRS 134.310
- The Sheriff's Office Should Properly Safeguard All Financial Records From Loss

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

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Romaine & Associates, PLLC

Krista Romaine, CPA, Member

Charlotte Clark, Member

CERTIFIED PUBLIC ACCOUNTANTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Greg Terry, Carlisle County Judge/Executive
Honorable Steve McChristian, Carlisle County Sheriff
Members of the Carlisle County Fiscal Court

Independent Auditor's Report

We have audited the Carlisle County Sheriff's Settlement - 2007 Taxes for the period May 1, 2007 through September 30, 2008. This tax settlement is the responsibility of the Carlisle County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Carlisle County Sheriff's taxes charged, credited, and paid for the period May 1, 2007 through September 30, 2008, in conformity with the modified cash basis of accounting.

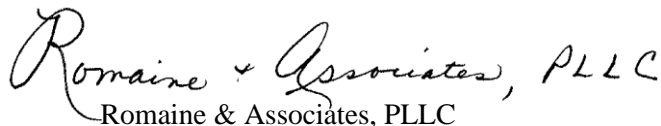
To the People of Kentucky
Honorable Steven L. Beshear, Governor
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Honorable Steve McChristian, Carlisle County Sheriff
Members of the Carlisle County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2009 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- The Sheriff's Office Lacks Adequate Segregation of Duties
- The Sheriff Should Strengthen Internal Controls Over Financial Reporting
- The Sheriff Should Annually Prepare A Franchise Settlement In Accordance With KRS 134.310
- The Sheriff Should Deposit Funds Intact On A Daily Basis
- The Sheriff Did Not Invest Franchise Moneys In Interest-Bearing Bank Accounts
- The Sheriff Should Distribute Interest Earned On Property Account Monthly
- The Sheriff Did Not Maintain An Accurate Receipts And Disbursements Ledgers
- The Sheriff's Annual Tax Settlement Should Be Prepared And Approved By September 1 Of Each Year In Accordance With KRS 134.310
- The Sheriff's Office Should Properly Safeguard All Financial Records From Loss

Respectfully submitted,


Romaine & Associates, PLLC

December 7, 2009

CARLISLE COUNTY
STEVE McCHRISTIAN, SHERIFF
SHERIFF'S SETTLEMENT - 2007 TAXES

For The Period May 1, 2007 through September 30, 2008

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 185,730	\$ 236,263	\$ 494,856	\$ 157,743
Tangible Personal Property	11,628	15,594	31,060	22,905
Fire Protection	563			
Franchise Taxes:				
Current Year	25,228	34,190	67,364	
Prior Years	23,719	31,628	63,334	
Additional Billings	237	318	633	81
Clay Reserves	116	142	310	99
Penalties	1,741	2,167	4,638	1,690
Adjusted to Sheriff's Receipt	146	(156)	(386)	(121)
Gross Chargeable to Sheriff	249,108	320,146	661,809	182,397
<u>Credits</u>				
Exonerations	1,576	1,999	4,196	2,694
Discounts	2,556	3,277	6,780	2,165
Delinquents:				
Real Estate	4,576	5,652	12,191	3,886
Tangible Personal Property	549	737	1,467	622
Total Credits	9,257	11,665	24,634	9,367
Taxes Collected	239,851	308,481	637,175	173,030
Less: Commissions *	10,481	13,110	25,487	7,641
Taxes Due	229,370	295,371	611,688	165,389
Taxes Paid	222,528	287,284	593,351	165,378
Refunds (Current and Prior Year)	12	14	31	10
Due Districts		**		
as of Completion of Audit	\$ 6,830	\$ 8,073	\$ 18,306	\$ 1

*,** See next page.

The accompanying notes are an integral part of this financial statement.

CARLISLE COUNTY
 STEVE McCHRISTIAN, SHERIFF
 SHERIFF'S SETTLEMENT - 2007 TAXES
 For The Period May 1, 2007 through September 30, 2008
 (Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	711,362
4% on	\$	637,175

** Special Taxing Districts:

Ambulance District	\$	3,001
Health District		1,501
Extension District		2,716
Soil Conservation		816
Watershed District		39

Due Districts	\$	8,073
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CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT

September 30, 2008

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Carlisle County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

GRAVES COUNTY
NOTES TO FINANCIAL STATEMENT
April 27, 2007
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Carlisle County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of September 30, 2008 all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2007. Property taxes were billed to finance governmental services for the year ended June 30, 2008. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 25, 2007 through September 30, 2008.

B. Clay Reserves

The tangible property tax assessments on clay reserves were levied as of January 1, 2007. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 7, 2007 through September 30, 2008.

Note 4. Interest Income

The Carlisle County Sheriff earned \$557 as interest income on 2007 taxes. The Sheriff will distribute the \$251 to the school district as required by statute, and the remainder of \$306 will be used to operate the Sheriff's office.

Note 5. Sheriff's 10% Add-On Fee

The Carlisle County Sheriff collected \$8,915 of 10% add-on fees allowed by KRS 134.430(3). The Sheriff owes additional funds of \$4,900 to the fee account to be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Carlisle County Sheriff collected \$1,465 of advertising costs and advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff should distribute \$910 of advertising costs to the county as required by statute, and the advertising fees were used to operate the Sheriff's office.

GRAVES COUNTY
NOTES TO FINANCIAL STATEMENT
April 27, 2007
(Continued)

Note 7. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed

The Sheriff should deposit any unrefundable duplicate payments and unexplained receipts in an interest-bearing account. According to KRS 393.110, the Sheriff should properly report annually to the Treasury Department any unclaimed moneys. After three years, if the funds have not been claimed, the funds should be submitted to the Kentucky State Treasurer. For the 2007 taxes, the Sheriff had \$2,108 in unrefundable duplicate payments and unexplained receipts. Therefore, the Sheriff should send a written report to the Treasury Department.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Krista Romaine, CPA, Member

Charlotte Clark, Member

CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Greg Terry, Carlisle County Judge/Executive
Honorable Steve McChristian, Carlisle County Sheriff
Members of the Carlisle County Fiscal Court

Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Carlisle County Sheriff's Settlement - 2007 Taxes for the period May 1, 2007 through September 30, 2008, and have issued our report thereon dated December 7, 2009. The Sheriff prepares his financial statement in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Carlisle County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Carlisle County Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting which is a basis of accounting other than generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying comments and recommendations to be significant deficiencies in internal control over financial reporting.

Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

Internal Control Over Financial Reporting
(Continued)

- The Sheriff's Office Lacks Adequate Segregation of Duties
- The Sheriff Should Strengthen Internal Controls Over Financial Reporting
- The Sheriff's Office Should Properly Safeguard All Financial Records From Loss

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.


Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Carlisle County Sheriff's Settlement - 2007 Taxes for the period May 1, 2007 through September 30, 2008, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance on other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Sheriff Should Annually Prepare A Franchise Settlement In Accordance With KRS 134.310
- The Sheriff Should Deposit Funds Intact On A Daily Basis
- The Sheriff Did Not Invest Franchise Moneys In Interest-Bearing Bank Accounts
- The Sheriff Should Distribute Interest Earned On Property Account Monthly
- The Sheriff Did Not Maintain An Accurate Receipts And Disbursements Ledgers
- The Sheriff's Annual Tax Settlement Should Be Prepared And Approved By September 1 Of Each Year In Accordance With KRS 134.310
- The Sheriff's Office Should Properly Safeguard All Financial Records From Loss

This report is intended solely for the information and use of management, the Carlisle County Fiscal Court, and the Kentucky Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,


Romaine & Associates, PLLC

December 7, 2009

COMMENTS AND RECOMMENDATIONS

CARLISLE COUNTY
STEVE McCHRISTIAN, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Period May 1, 2007 through September 30, 2008

STATE LAWS AND REGULATIONS:

The Sheriff Should Annually Prepare A Franchise Tax Settlement In Accordance With KRS 134.310

While reviewing the Fiscal Court Order Book, auditors noted that the franchise tax settlement – 2007 had not been approved. The property tax settlement – 2007 was approved by the fiscal Court. After speaking with the franchise tax bookkeeper, it was disclosed that a franchise tax settlement had not been prepared for the 2007 tax year. We recommend that the sheriff annually prepare a franchise tax settlement in accordance with KRS 134.310. The prepared franchise tax settlement should be also approved by the fiscal court.

Sheriff's Response: None

The Sheriff Did Not Invest Franchise Moneys In Interest-Bearing Bank Accounts

The Sheriff deposited franchise moneys into a non-interest bearing bank account. KRS 66.480 states that the Sheriff may, and at the direction of the fiscal court shall, invest and reinvest money subject to their control and jurisdiction. Prudent financial management dictates that the Sheriff should take advantage of earnings potential by depositing funds into interest-bearing accounts. We recommend the Sheriff invest all funds into interest-bearing bank accounts.

Sheriff's Response: None

The Sheriff Should Distribute Interest Earned On Property Account Monthly

KRS 134.140(3)(b) states that “at the time of his monthly distribution of taxes to the district board of education, the sheriff shall pay to the board of education that part of his investment earnings for the month which is attributable to the investment of school taxes...”. The remaining interest should be paid to the Sheriff's fee account and may be used to pay lawful expenses of his office.

During testing procedures, auditors noted that investment earnings on property collections have not been distributed at all. Based on these tests, the Sheriff owes the school, \$251 for interest on 2007 tax collections. In the future, we recommend that the Sheriff comply with KRS 134.140(3)(b) by distributing interest earned proportionately to the school and his fee account in a timely manner.

Sheriff's Response: None

CARLISLE COUNTY
 STEVE McCHRISTIAN, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Period May 1, 2007 through September 30, 2008

(Continued)

The Sheriff Should Deposit Funds Intact On A Daily Basis

Audit procedures revealed that the Sheriff was not depositing tax collections on a daily basis. Furthermore, we noted that tax collections for some days were being held up to three weeks before being deposited. Auditor documented the results of the monthly deposits below:

<u>Month</u>	<u>Year</u>	<u>Total Number of Deposits</u>	<u>Total Number Deposits Delayed</u>	<u>Average # of Days Delayed</u>	<u>Average Amount of Funds Delayed</u>
October	2007	19	6	5	21,342.37
November	2007	12	12	11	22,761.66
December	2007	28	13	12	4,789.93
January	2008	15	6	7	3,282.31
February	2008	13	11	8	1,308.58
March	2008	11	10	9	935.29
April	2008	3	1	27	1,115.38
May	2008	1	0	0	-
June	2008	1	0	0	-
July	2008	2	0	0	-
August	2008	1	1	19	12,380.87
September	2008	1	1	13	39,582.01
		<u>107</u>	<u>61</u>		

KRS 68.210 gives the State Local Finance Officer the authority to establish minimum accounting requirements, which includes depositing receipts intact on a daily basis into a federally insured banking institution. Also, Technical Audit Bulletin 93-002 states, "a county official is in violation of KRS 64.850, Commingling of Public Funds, if more than \$200 of public funds are accumulated and/or retained and not deposited into an official bank account intact on a daily basis." The Sheriff did not make deposits of more than \$200 in a timely manner. We recommend the Sheriff reconcile the daily tax collection reports to the funds collected and deposit these tax collections into the bank account daily.

Sheriff's Response: None

CARLISLE COUNTY
STEVE McCHRISTIAN, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Period May 1, 2007 through September 30, 2008

(Continued)

The Sheriff Did Not Maintain An Accurate Receipts And Disbursements Ledgers

KRS 68.210 and KRS 134.160 require the Sheriff to maintain minimum accounting records. Auditor noted several deficiencies in the Sheriff's accounting records, which could be considered, in the aggregate, as a material weakness. The Carlisle County Sheriff did not record tax collections and distribution payments in receipts and disbursements ledgers. The Uniform System of Accounts as required by the State Local Finance officer prescribes an accurate recording of receipts by source and expenditures by payee. The Sheriff should maintain an accurate receipts and disbursements ledger to be in compliance with the Uniform System of Accounts.

Sheriff's Response: None

The Sheriff's Annual Tax Settlement Should Be Prepared And Approved By September 1 Of Each Year In Accordance With KRS 134.310

The Sheriff prepared an annual tax settlement and the fiscal court did approve the annual settlement. However, the settlement was presented and approved November 24, 2008. KRS 134.310 (5) states, "In counties containing a population of less than seventy thousand (70,000), the sheriff shall file annually with his final settlement before September 1 of each year:

- (a) A complete statement of all funds received by his office...
- (b) A complete statement of all expenditures of his office..."

We recommend the Sheriff comply with KRS 134.310 by including tax collections and tax distributions on his annual tax settlement that is presented to and approved by fiscal court no later than September 1 of each year.

Sheriff's Response: None

CARLISLE COUNTY

STEVE McCHRISTIAN, SHERIFF

COMMENTS AND RECOMMENDATIONS

For The Period May 1, 2007 through September 30, 2008

(Continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:

The Sheriff's Office Lacks Adequate Segregation Of Duties

The Sheriff's office lacks adequate segregation of duties. Due to the limited number of staff and the diversity of operations, the bookkeeper performs multiple tasks such as the collection of cash from customers, daily checkout procedures, deposit preparation, bookkeeping, the preparation of checks for disbursements, and the bank reconciliations

Segregation of duties over these tasks or the implementation of compensating control when limited by the number of staff is essential for providing protection from misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately protect against the misappropriation of assets and/or inaccurate financial reporting, we recommend the sheriff segregate the duties noted above to the extent possible. For those duties that cannot be segregated due to a limited number of staff, strong oversight should be provided to the employee or employees responsible for those duties.

Sheriff's Response: None

The Sheriff Should Strengthen Internal Controls Over Financial Reporting

Strong internal controls over the recording of receipts and disbursements are essential to ensure that receipts and disbursements journals are properly maintained and that the correct amount of tax collections is paid to the taxing districts. The Sheriff, as an elected official, is responsible for the design and implementation of programs and controls that will ensure receipts and disbursements are recorded properly and that financial reports are accurately stated.

As a result, we recommend the Sheriff strengthen internal controls over the recording of receipts and disbursements and financial reporting. Such controls should include accounting for the numerical sequence of issued receipt forms and the reconciliation of the bank statements to the receipts and disbursements ledgers. A review of daily checkout procedures should also be performed. This review should include agreeing the daily checkout sheet to the batched totals of daily receipts, the postings to the receipts ledger, and the bank deposit. By effectively implementing these controls, the Sheriff can significantly reduce the risk of misstatements going undetected.

Sheriff's Response: None

CARLISLE COUNTY

STEVE McCHRISTIAN, SHERIFF

COMMENTS AND RECOMMENDATIONS

For The Period May 1, 2007 through September 30, 2008

(Continued)

The Sheriff's Office Should Properly Safeguard All Financial Records From Loss

The Sheriff's office had inadequate controls over safeguarding of financial records. On December 26, 2007 an arson fire destroyed all financial records pertaining to the Sheriff's office. The financial records were not in a fire proof area or room nor were any financial backup's located offsite.

- The Sheriff should establish controls to achieve the objective of safeguarding the financial records. All financial records should be stored in a fire resistant area or room in order to protect these assets from a loss. An electrical data backup should be maintained offsite in order to protect information from this type of loss.

Sheriff's Response: None